



Title: I, Payroll/Personnel Manual  
Chapter: 28, Section 2, Tax Formulas (TAXES)  
Bulletin: TAXES 09–20, Federal Income Tax Withholding  
Date: March 5, 2009  
To: Holders of TAXES  
Personnel User Groups  
Agency Personnel Offices

This bulletin provides information concerning: (1) Federal income tax withholding formula changes for Calendar Year (CY) 2009 and (2) submission of IRS Form W–4, Employee’s Withholding Allowance Certificate, to claim total tax exemption from Federal income tax for CY 2009.

#### **Federal Income Tax Withholding**

Effective March 1, 2009, the Federal income tax withholding tax formula will change. The Single or Head of Household and Married withholding tables will change.

Beginning with salary payments for Pay Period 5, Federal income tax will automatically be withheld in accordance with the new formula. No action on the part of the employee or the personnel office is necessary.

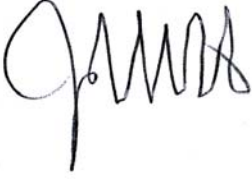
To view the updated tax formula, go to the National Finance Center’s (NFC) Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click the **Publications tab**. Then on the right-hand Quick Picks menu, click **Tax Formulas** and select **Federal** from the map provided. Changes to the tax formula are identified by “►◄”.

#### **W–4, Employee’s Withholding Allowance Certificate**

Employees who intend to claim total Federal tax exemption for CY 2009 must submit a new W-4 prior to February 16, 2009. Effective Pay Period 4, employees who claim total exemption for CY 2008 and who have not filed a new W-4 for CY 2009 will have Federal taxes withheld as single taxpayers with zero withholding allowance. A W-4 filed for the prior year does not extend tax exemption into CY 2009. A new W-4 must be filed for CY 2009.

**Inquiries**

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

A handwritten signature in black ink, appearing to read 'J. White', with a stylized, cursive script.

JOHN S. WHITE, Acting Director  
Government Employees Services Division

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# Federal Income Tax Withholding Formula

## Withholding Formula ►(Effective Pay Period 5, 2009)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment►(s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions)◄ from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline. Subtract this amount from the annual wages to obtain the taxable income.

Exemption Allowance = \$3,650 x Number of Exemptions

6. Apply the taxable income computed in step 5 to the following table to determine the Federal income tax withholding.

### Tax Withholding Table Single or Head of Household

If the Amount of Taxable Income Is:		The Amount of Federal Income Tax Withholding Should Be:			
Not more than ►\$7,180◄		\$0			
Over:	But Not Over:	Of Excess Over:			
\$ ►7,180.00	\$ 10,400.00	\$ 0	plus	10%	\$ 7,180.00
10,400.00	36,200.00	322.00	plus	15%	10,400.00
36,200.00	66,530.00	4,192.00	plus	25%	36,200.00
66,530.00	173,600.00	11,774.50	plus	28%	66,530.00
173,600.00	375,00.00	41,754.10	plus	33%	173,600.00
375,000.00	and over	108,216.10◄	plus	35%	375,000.00

### Married

If the Amount of Taxable Income Is:		The Amount of Federal Income Tax Withholding Should Be:			
Not more than ►\$15,750◄		\$0			
Over:	But Not Over:	Of Excess Over:			
\$ ►15,750.00	\$ 24,450.00	\$ 0	plus	10%	\$ 15,750.00
24,450.00	75,650.00	870.00	plus	15%	24,450.00
75,650.00	118,130.00	8,550.00	plus	25%	75,650.00
118,130.00	216,600.00	19,170.00	plus	28%	118,130.00
216,600.00	380,700.00	46,741.60	plus	33%	216,600.00
380,700.00	and over	100,894.60◄	plus	35%	380,700.00

7. Divide the annual Federal income tax withholding by 26 to obtain the biweekly Federal income tax withholding.